



# Does your doctor or supplier accept “assignment?”

This pamphlet explains assignment . . .

- ◆ Who it helps?
- ◆ What it is?
- ◆ How it works?

If you are in the Original Medicare Plan, ask your doctor or supplier “Do you accept assignment?” Assignment could save you money.



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## I. Introduction

Note: Terms in red are defined on pages 13-14.

Medicare pays for much of your health care, but not all of it. Your out-of-pocket costs depend partly on whether your doctor or supplier of health care equipment and supplies (like wheelchairs, oxygen, braces, and ostomy supplies) agrees to accept the Medicare approved payment amount. When doctors and suppliers agree to accept the approved amount, they **accept assignment**.

This pamphlet explains Medicare assignment. Assignment affects how much you will have to pay out-of-pocket for some Medicare health care services, supplies, and equipment.

When doctors or suppliers give you a service, health care supplies, or equipment, they decide how much they will charge for it. Medicare decides in advance how much it pays for those covered doctor services, health care supplies, and equipment. Medicare pays part of the bill and you pay part of the bill. If you have purchased a **Supplemental Health Insurance (Medigap) policy**, it may pay part of the bill. These payment amounts may be different depending on where you live or where you get the service or supply.

**If a doctor or supplier does not agree to accept assignment, you may pay more for your health care services, supplies, and equipment.**

**Read this pamphlet to learn:**

- \* Who assignment helps.
- \* What assignment is.
- \* How assignment works.

First, you will read basic information about Medicare. This information will help you know if assignment can help **you** save money.

If you have questions about Medicare or assignment, call 1-800-MEDICARE (1-800-633-4227), or TTY/TDD: 1-877-486-2048 for the hearing and speech impaired. You may also look on the Internet at **www.medicare.gov**.

## What does Medicare cover?

## How do I know if I have Part B?

Note: Terms in red are defined on pages 13-14.

## Medicare has two parts:

1. **Part A (Hospital Insurance)** - Part A helps pay for care in a hospital, skilled nursing facility, hospice, and for some home health care.

Most people do not have to pay a monthly payment (**premium**) for Part A because they (or a spouse) paid Medicare taxes while they were working. Assignment does not apply to services covered by Part A.

2. **Part B (Medical Insurance)** - Part B helps pay for doctors, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health services. Part B helps pay for covered doctor services that are **medically necessary**.

You pay the Medicare Part B premium of \$45.50 per month in 1999. Rates can change yearly. In some cases, this amount may be higher if you did not choose Part B when you first became eligible.

### Assignment only applies to the services and supplies covered by Part B.

If you are not sure if you have Part B, check the lower left corner of your red, white, and blue Medicare card. It will show which parts of Medicare you have. If you still aren't sure, call your local Social Security office, or call Social Security at 1-800-772-1213.

If you do not have Part B, you are responsible for the full cost of doctors' services and supplies. If you have health coverage through an employer or union, or if you have purchased a **Supplemental Health Insurance (Medigap) policy**, check to see if you have coverage for these costs.

Assignment only works with the Original Medicare Plan.

Note: Terms in red are defined on pages 13-14.

In the Original Medicare Plan, what do I pay for Part B services or supplies?

What does Medicare pay for Part B services or supplies?

Currently, there are two ways people with Medicare can get their health care.

1. **The Original Medicare Plan (also known as fee-for-service)** - This plan is available everywhere in the United States. It is the way most people get their Medicare Part A and Part B health care. You are usually charged a fee for each health care service or supply you get.

**Assignment only works with the Original Medicare Plan.**

2. **Medicare Managed Care Plans (available in some areas of the country)** - Assignment does not apply if you are in a Medicare managed care plan.

What you pay for Part B services and supplies include:

- ◆ The monthly Part B **premium** of \$45.50 (in 1999).
- ◆ The yearly Part B **deductible** of \$100. (Each year you must pay for the first \$100 of your Medicare covered health care costs before Medicare starts to pay its share.)
- ◆ The **coinsurance**, which is usually 20% of the Medicare approved amount.
- ◆ The cost of services and supplies Medicare does not cover (for example, cosmetic surgery). A more complete list can be seen in the *Medicare & You 2000*.
- ◆ Extra costs if the doctor or supplier does not accept assignment.

Medicare lets doctors and suppliers know exactly what Medicare sets as the payment amount for each type of service and supply. This payment amount is the Medicare approved amount.

After you have paid your yearly \$100 Part B **deductible**, Medicare pays 80% of the Medicare **approved amount** (or the actual charge if it is less) for services and supplies.

II. Who does assignment help?

To find out if assignment can help you, answer these two questions.

Do you get your Medicare health care from the Original Medicare Plan?

Do you have Medicare Part B?

Yes	No

If you answered yes to both of these questions, keep reading to see how using a doctor or supplier who accepts assignment could help you save money!

III. What is “assignment” in the Original Medicare Plan?

Assignment is an agreement between Medicare and doctors and suppliers of health care equipment and supplies (like wheelchairs, oxygen, braces, and ostomy supplies).

When doctors and suppliers agree to accept assignment they accept the Medicare approved amount as payment in full. If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means **you may pay more.**

Are there situations when doctors or supplies must accept assignment?

Yes. Doctors and suppliers must accept assignment in these situations:

- ◆ For lab tests covered by Medicare.
- ◆ If you are also enrolled in **Medicaid** and your State helps pay your health care costs.

**Note:** Some health care providers who are not medical doctors, such as medical social workers, must also accept assignment for their services.

Note: Terms in red are defined on pages 13-14.

#### IV. How does assignment work?

Doctors and suppliers decide each year how they will handle assignment. There are three ways they can handle assignment.

They can:

1. Always accept assignment, which means they participate in Medicare (see page 6).
2. Accept assignment on a case-by-case basis and accept it in this case (see page 7).
3. Never accept assignment, or chooses not to accept assignment in this case (see pages 8 - 9).

#### How do I know if my doctor or supplier accepts assignment?

You should ask doctors and suppliers if they accept assignment before you get health care services or supplies. Your Medicare Carrier (a company that handles your Part B bills for Medicare) can tell you which doctors in your area accept assignment. Your Durable Medical Equipment Regional Carrier (a company that handles your supply bills for Medicare) can tell you which suppliers in your area accept assignment.

You may find your Medicare Carrier's or your Durable Medical Equipment Regional Carrier's phone number:

- ◆ On the Explanation of Medicare Benefits or Medicare Summary Notice you get in the mail after you get Part B health care or supplies (your Medicare billing statement).
- ◆ By calling 1-800-MEDICARE (1-800-633-4227), or TTY/TDD: 1-877-486-2048 for the hearing and speech impaired.
- ◆ By looking on the Internet at **www.medicare.gov**.
- ◆ By looking in the "Where to Call for Help" section of your copy of the *Medicare & You 2000* handbook.

1. Always accepts assignment (participates in Medicare).

Remember, you must pay your \$100 Part B deductible for the year before Medicare begins to pay its share.

If a doctor or supplier participates in Medicare, they agree to **always** accept assignment.

What if Mr. Jones had not yet paid his yearly Part B deductible?

When doctors or suppliers always accept assignment:

- ◆ They agree to accept the Medicare approved amount as **payment in full**.
- ◆ Then Medicare's share (80% of the Medicare approved amount) is paid directly to the doctor or supplier.
- ◆ Your share is usually the remaining 20% of the Medicare approved amount.

**Example:** Mr. Jones' doctor or supplier always accepts assignment. The charge for the health care service or supply he needs is \$150. Assume that Mr. Jones has paid his \$100 Part B deductible for the year.

	Doctor	Supplier
Amount charged	\$150	\$150
Medicare approved amount	\$100	\$100
Mr. Jones pays 20%	\$20	\$20
Medicare pays doctor or supplier 80%	\$80	\$80

The most Mr. Jones or his **Supplemental Health Insurance (Medigap) policy** (if he has one) will have to pay for this service, supply, or equipment is \$20. He may have to pay it when he sees the doctor or gets his supplies or equipment.

If Mr. Jones had not yet paid his yearly Part B deductible, he would have to pay the entire \$100 Medicare approved amount.



## 2. Accepts assignment on a case-by-case basis, and accepts it in this case.

Note: Terms in red are defined on pages 13-14.

Remember, you must pay your \$100 Part B deductible for the year before Medicare begins to pay its share.

Doctors and suppliers who do not participate in Medicare can choose to accept assignment on a case-by-case basis. If a doctor or supplier accepts assignment in this case:

- ◆ They agree to accept the Medicare approved amount as **payment in full**. Medicare pays its share, and you pay your share.
- ◆ The Medicare approved amount for doctor's services is reduced by 5% because the doctor does not participate in Medicare. This does not apply to suppliers.
- ◆ Then Medicare's share (80% of the Medicare approved amount) is paid directly to the doctor or supplier.
- ◆ Your share is usually the remaining 20% of the Medicare approved amount.

**Example:** Mr. Jones' doctor or supplier will accept assignment in this case. The charge for the health care service or supply he needs is \$150. Assume that Mr. Jones has paid his \$100 Part B deductible for the year.

	Doctor	Supplier
Amount charged	\$150	\$150
Medicare approved amount of \$100 (reduced by 5% for doctors)	\$95	\$100
Mr. Jones pays 20%	\$19	\$20
Medicare pays doctor or supplier 80%	\$76	\$80

The most Mr. Jones or his **Supplemental Health Insurance (Medigap) policy** (if he has one) will have to pay the doctor is \$19. The most he will have to pay the supplier is \$20. He may have to pay it when he sees the doctor or gets his supplies or equipment.

3. **Never accepts assignment, or does not accept assignment in this case.**

Note: Terms in red are defined on pages 13-14.

Remember, you must pay your \$100 Part B deductible for the year before Medicare begins to pay its share.

There is a difference in what doctors and suppliers can charge and accept if they do not accept assignment.

If a **doctor** does not accept assignment:

- ◆ He or she can charge up to 15% more than the Medicare approved amount. This is called the **limiting charge**.
- ◆ The Medicare approved amount for the doctor's service is reduced by 5%.
- ◆ **You may have to pay the entire bill** (your share and Medicare's share) at the time you get the service.
- ◆ The doctor can accept more than the limiting charge for a few items and services as listed on page 11.

**Example:** Mr. Jones' doctor does not accept assignment for a service. The charge for the health care service he needs is \$150. Assume that Mr. Jones has paid his \$100 Part B deductible for the year.

	Doctor
Amount charged	\$150
Medicare approved amount of \$100 is reduced by 5% for doctors	\$95
Most doctor or supplier can accept (up to 15% more than the Medicare approved amount for doctor).	\$109.25
Mr. Jones pays the doctor the difference between what Medicare pays (\$76) and the doctor charges (\$109.25)	\$33.25
Medicare pays Mr. Jones	\$76

Mr. Jones may have to pay his doctor \$109.25 at the time he sees him. He will get \$76 later from Medicare, and he may get reimbursed more money if he has a **Supplemental Health Insurance (Medigap) policy**.

In this example, Mr. Jones could have saved \$13.25 if his doctor accepted assignment.

### 3. Never accepts assignment, or does not accept assignment in this case. (continued)

If a **supplier** never accepts assignment, or does not accept it in this case:

- ◆ **There is no limit** to what the supplier can charge over the Medicare approved amount.
- ◆ **You may have to pay the entire bill** (your share and Medicare's share) at the time you get the service or supply.

**Example:** Mr. Jones's supplier does not accept assignment for a supply. The charge for the health care supply he needs is \$150. Assume that Mr. Jones has paid his \$100 Part B deductible for the year.

	Supplier
Amount charged	\$150
Medicare approved amount	\$100
Most supplier can accept (whatever amount they charge for the particular supply)	\$150
Mr. Jones pays the supplier the difference between what Medicare pays (\$80) and the supplier charges (\$150).	\$70
Medicare pays Mr. Jones	\$80

Remember, you must pay your \$100 Part B deductible for the year before Medicare begins to pay its share.

**Mr. Jones may have to pay the supplier \$150 when he gets the equipment or supply. He will get \$80 later from Medicare, and he may get reimbursed more money if he has a **Supplemental Health Insurance (Medigap)** policy.**

In this example, Mr. Jones could have saved \$50 if his supplier accepted assignment.

**How does assignment work if I sign a private contract with a doctor? Does the limiting charge apply?**

Note: Terms in red are defined on pages 13-14.

**Assignment does not work with a private contract.** A private contract is an agreement between you and a doctor who has decided not to give services through the Medicare program.

Under a private contract:

- ◆ Medicare will not pay the doctor or you for the services you get.
- ◆ You will have to pay whatever the doctor charges you and **there is no limit** to what can be charged.
- ◆ No claim should be submitted for the service. Medicare will not pay if a claim is submitted.
- ◆ If you have a **Supplemental Health Insurance (Medigap) policy**, it will not pay anything for services under a private contract. Contact your Medigap insurance company before you get the service.
- ◆ Many other insurance plans will not pay for the service either.

**Talk with someone in your State Health Insurance Assistance Program before signing a private contract (see pages 12 & 14).**

**Example:** Mr. Jones signs a private contract with his doctor. The charge for the health care service he needs is \$600. Assume that Mr. Jones has paid his \$100 Part B deductible for the year.

	Doctor
Amount charged	\$600
Medicare approved amount	Does not apply
Mr. Jones pays	\$600
Medicare pays	\$0

**Mr. Jones may have to pay the entire bill of \$600 at the time of service. Medicare will not pay him or the doctor anything for this service. Neither will his **Supplemental Health Insurance (Medigap) policy** if he has one.**

**Does the limiting charge apply to all services and supplies given by doctors and suppliers who do not accept assignment?**

Note: Terms in red are defined on pages 13-14.

**Are there any health care providers who must always accept the approved amount as payment in full?**

**Where can I get more information?**

No, the limiting charge (up to 15% more than the Medicare approved amount) does not apply to all services, supplies, or equipment. This means the doctor or supplier can charge more than 15% above the approved amount. There is no limit to what can be charged by doctors and suppliers who do not accept assignment for items and services such as:

- ◆ Durable medical equipment (like wheelchairs, walkers, and oxygen).
- ◆ Ambulance services.
- ◆ Vaccinations (shots).
- ◆ Some drugs that are covered by Medicare, like certain cancer drugs.
- ◆ Prosthetics and orthotics.
- ◆ Surgical dressings.

Yes. Some providers must agree to accept the amount that Medicare pays as payment in full, all the time. You do not have to ask them if they accept assignment. The providers who must accept the Medicare approved amount **all the time include:**

- ◆ Hospitals.
- ◆ Skilled nursing facilities.
- ◆ Home health agencies.
- ◆ Comprehensive outpatient rehabilitation facilities.
- ◆ Providers of outpatient physical and occupational therapy or speech pathology services.

If you need more information about assignment or another Medicare issue, see page 12.

## V. For More Medicare Information

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Call 1-800-MEDICARE (1-800-633-4227), or TTY/TDD: 1-877-486-2048 for the hearing and speech impaired. Talk to a Customer Service Representative and ask for a free copy of:

### ***Do You Need Help Paying Your Health Care Costs?***

- A flyer about Medicaid and its programs that help people with low incomes and limited assets pay some health care costs.

### ***Your Medicare Benefits***

- A booklet about what is covered by Medicare.

### ***Medicare Preventive Benefits***

- A brochure about preventive benefits that help you stay healthy.

### ***Guide to Health Insurance for People With Medicare***

- A booklet about Supplemental Health Insurance (Medigap) policies.

## **For more help with your Medicare questions:**

You can call your **State Health Insurance Assistance Program** (SHIP) for free counseling about your Medicare questions. You can find their number:

- ◆ In your copy of the *Medicare & You* 2000 handbook. If you need a copy call 1-800-MEDICARE.
- ◆ By calling 1-800-MEDICARE (1-800-633-4227) or TTY/TDD: 1-877-486-2048 for the hearing and speech impaired.
- ◆ On the Internet at **www.medicare.gov**. If you do not have a computer, your local library or senior center may be able to help you get this information.

## VI. Definitions of Important Terms

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**Approved Amount** - The fee Medicare sets as reasonable for a medical service covered under Medicare Part B (Medical Insurance). This is the amount a doctor or supplier is paid by you and Medicare for a service or supply. It may be less than the actual amount charged by a doctor or supplier. Approved Amount is sometimes called the “Approved Charge.”

**Coinsurance** - The percent of the Medicare approved amount that you have to pay after you pay the deductible for Part A and/or Part B. In the Original Medicare Plan, the coinsurance payment is a percentage of the cost of the service (like 20% for Part B services).

**Deductible (Part B)** - The amount you must pay for health care each calendar year before Medicare begins to pay. These amounts can change every year.

**Limiting Charge** - The highest amount of money you can be charged by doctors and other health care providers who do not accept assignment for a covered service. The limit is 15% over Medicare’s approved payment amount. The limiting charge only applies to certain services and does not apply to supplies or equipment.

**Medicaid** - A joint Federal and State program that helps with medical costs for some people with low incomes and limited resources. Medicaid programs vary from State to State, but most health care costs are covered if you qualify for both Medicare and Medicaid.

**Medically Necessary** - Services or supplies that:

- ◆ are proper and needed for the diagnosis, or treatment of your medical condition;
- ◆ are provided for the diagnosis, direct care, and treatment of your medical condition;
- ◆ meet the standards of good medical practice in the medical community of your local area; and
- ◆ are not mainly for the convenience of you or your doctor.



## Definitions of Important Terms (continued)

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### **Part A (Hospital Insurance)** -

Hospital insurance that covers hospice care, home health care, skilled nursing facilities, and inpatient hospital stays.

### **Part B (Medical Insurance)** -

Medicare medical insurance that helps pay for doctors' services, outpatient hospital care, durable medical equipment, and some medical services that are not covered by Part A.

**Premium** - Your monthly payment for health care coverage to Medicare, an insurance company or health care plan.

**Private Contract** - A contract between you and a doctor or practitioner who has decided not to offer services through the Medicare program. This doctor can not bill Medicare for any service or supplies given to you and all his/her other Medicare patients for at least 2 years. There are no limits on what you can be charged for services under a private contract. You must pay the full amount of the bill.

**Skilled Nursing Facility** - A facility that provides skilled nursing or rehabilitation services to help with recovery after a hospital stay.

**State Health Insurance Assistance Program (SHIP)** - A State program that receives money from the Federal Government to give free health insurance counseling and assistance to people with Medicare.

**Supplemental Health Insurance (Medigap) Policy** - Medicare supplemental health insurance policies sold by private insurance companies to fill the "gaps" in Original Medicare coverage. There are ten standardized policies, labeled Plan A through Plan J. Your State decides which of the 10 policies can be sold in your State. Medigap policies only work with the Original Medicare Plan.



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